
OLR Bill Analysis

SB 1074

AN ACT CONCERNING WORKERS' COMPENSATION AND LIABILITY FOR HOSPITAL SERVICES.

SUMMARY:

Starting July 1, 2013, this bill changes how hospital charges for treating workers' compensation-covered injuries are determined if a hospital does not negotiate discounted rates with the injured employee's employer or its workers' compensation insurance carrier (the "workers' compensation payer").

The law requires a workers' compensation payer to pay a hospital for its actual costs of treating an injured worker, as determined by a workers' compensation commissioner. In practice, the payer and hospital negotiate discounted rates for the hospital's services. If the payer and hospital do not negotiate discounted rates, workers' compensation case law requires the payer to pay the hospital's billed rates (see BACKGROUND). The bill instead requires the payer to pay the hospital's actual costs of rendering the service, plus any additional costs negotiated between the payer and medical and surgical service providers (doctors).

It is unclear why the employer would negotiate with the treating doctors over the hospital's charges (presumably, the payer would negotiate with the hospital for any additional hospital costs). A hospital's charges are typically billed and accounted for separately from the doctors who treat patients in a hospital. In addition, doctors do not generally negotiate for workers' compensation-related rates because the law requires the Workers' Compensation Commission chairman to set their maximum workers' compensation reimbursement rates.

The bill prohibits a hospital's billed charges from being used to

determine an employer's liability for the injured employee's hospital service. It does not specify how to determine the hospital's actual costs for providing the service.

As under existing law, a workers' compensation commissioner must settle all disputes over liability for hospital services. The bill sets deadlines to file such disputes with the Workers' Compensation Commission. For hospital services rendered before July 1, 2013, the dispute must be filed within 18 months of the treatment. Disputes over hospital service rendered on or after that date must be filed within 12 months of the treatment.

EFFECTIVE DATE: July 1, 2013

BACKGROUND

Related Case

In *Thompson, et al, v. J&J Properties, et al, Liberty Mutual Insurance et al, and Lawrence & Memorial Hospital and William W. Backus Hospital* (State of Connecticut Workers' Compensation Commission, Second District, Norwich, Connecticut, File Nos. 200151995, 200158976, 200115873, 400008394, September, 2012), a workers' compensation commissioner ruled that a workers' compensation payer must pay a hospital's billed charges unless the payer has negotiated discounted rates with the hospital. The commissioner found that the provisions in CGS § 31-294d requiring employers to pay a hospital's actual costs, as determined by a compensation commissioner, are no longer applicable because they do not take precedence over the hospital rate deregulation laws in CGS Chapter 368z.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 8 Nay 2 (03/19/2013)